

## Chapter 9 - Revenue Cycle

### INTRODUCTION

Organizations obtain revenue from a wide range of sources and must maintain information regarding revenue for effective accounting and control. Every organization has the responsibility for assuring its receipts are properly controlled and its revenue is correctly recorded. To meet this objective, the accounting system must record actual revenue against estimated revenue (if recorded) and classify the revenue at detailed levels. In addition, R\*STARS provides information on accounts receivable and associated customers.

A separate topic closely related to the revenue cycle and revenue transfers, is discussed in the R\*STARS Data Entry Guide on General Accounting.

| Section                                   | Page   |
|---|--------|
| 9.1 Revenue Cycle Overview                | 9.1-1  |
| 9.2 Accrual Recognition                   | 9.2-1  |
| 9.3 Collection of Accrued Revenues        | 9.3-1  |
| 9.4 Account Receivable Invoicing          | 9.4-1  |
| 9.5 Cash Receipts Not Previously Accrued  | 9.5-1  |
| 9.6 Expenditure Refunds                   | 9.6-1  |
| 9.7 Deferred Revenue Recognition          | 9.7-1  |
| 9.8 Finance Charges                       | 9.8-1  |
| 9.9 Transfers to Central Collections Unit | 9.9-1  |
| 9.10 Accumulation of Interest             | 9.10-1 |
| 9.11 Deposit Reconciliation               | 9.11-1 |
| 9.12 Validation of Deposits               | 9.12-1 |

## 9.1 REVENUE CYCLE OVERVIEW

Revenue cycle transactions are prepared manually for entry into R\*STARS. Accrued revenues and receivables, cash receipts and inter-agency transfers are all prepared and entered directly by the agency. Actual revenues are compared to budgeted amounts, if the estimated revenues were recorded in R\*STARS.

The steps involved in entering revenue cycle data into R\*STARS are briefly discussed below.

### Revenue Profile Maintenance

The first step in the revenue cycle is profile maintenance. This involves changing various R\*STARS profiles to reflect revisions in classification structure or to set parameters related to interest and late fee accumulation and transfer to the central collections unit. The profiles which may need to be modified by an agency are:

- **Descriptive Profiles**— for changes in the classification structure codes (such as organization, program, or object structures) and other optional elements.
- **Appropriation Profile**— for adding new appropriations or deleting obsolete appropriations.
- **Agency Control Profile**— for identifying or changing the determination of interest calculation and/or transfer to collections.
- **Project Control Profile** — for adding new projects.
- **Grant Control Profile** — for adding new grants.
- **Index Code Profile**— for adding new index codes or deleting obsolete index codes.
- **Program Cost Account (PCA) Profile** — for adding new PCAs or deleting obsolete PCAs.
- **Agency Document Control Profile** — for adding or changing eligibility of document types for interest accumulation or transfer to collections. **(not used in Michigan)**
- **Agency Receivable Document Exemption Profile** — for adding a specific document that is exempt from interest calculation or transfer to collections, or a document that is subject to a different interest rate than that found in the Agency Document Control Profile. **(not used in Michigan)**

## Financial Data Entry

After profile maintenance has been completed, revenue transactions can be entered into R★STARS. The revenue budgets, if entered, are usually loaded first. If an automated system is used to prepare the budgets, the transactions enter R★STARS through the standard interface process. Otherwise, the budgets are entered manually using the financial data entry process.

Accrual transactions are entered as they occur. Since revenue budgets are not controlled, accrued revenues may be entered without a revenue budget. More information is given in Section 9-2, Accruals Recognition. Collections of accrued revenues are entered when cash is received in payment of accounts receivable or other accrued revenues. Additional information is given in Section 9-3, Collection of Accrued Revenues.

R★STARS also has the ability to provide customer information on accounts receivable. Note: The following process is not being used in Michigan at this time. Detailed invoice information is entered through an invoice detail entry screen. This information is then used to print invoices, statements of account and delinquent notices. More information is given in Section 9-4, Account Receivable Invoicing.

Cash receipts for revenues not previously accrued are entered when cash is received. These cash receipt transactions differ from collections of accruals because revenue is recognized at the time of cash receipt rather than at an earlier date. Additional information is given in Section 9-5, Cash Receipts Not Previously Accrued.

Expenditure refunds are recorded when cash is received resulting from overpayment to vendors or employees. The transaction is not recorded until the cash is actually received. Additional information is provided in Section 9-6, Expenditure Refunds.

Deferred revenue is recorded when cash is received and the revenue has not yet been earned. Revenue is recognized when the revenue is earned. Additional information is provided in Section 9-7, Deferred Revenue Recognition.

## Reordering Deposit Tickets

Deposit tickets for all depository bank IDs (includes all the State's commercial bank accounts plus Bank ID 000--Treasury) must be ordered from the Department of Treasury, Receipts Processing Division. Treasury contacts the vendor, who prints the deposit tickets and adheres to the specifications needed to print deposit tickets that meet R★STARS processing requirements.

The last deposit ticket book contains reorder mailing instructions. These instructions are on a white sheet, framed in red with large red print, and state:

Please return reorder form or fax to the following location:

Department of Treasury  
Receipts Processing Division  
P.O. Box 15128  
Lansing, MI 48901  
FAX: 517/335-1043

The phone number for Treasury's Receipts Processing Division is (517) 373-3146.

## **Reports**

The third step of the revenue cycle is reporting. Several reports are available which show the status of revenues and receivables. Other standard reports display cash receipts information.

## 9.2 ACCRUAL RECOGNITION

The primary objective of accrual accounting is to record revenues when they are earned rather than waiting until the cash is received. Accrual accounting may include invoicing customers for amounts owed or recording items such as sales tax revenues without being invoiced. Generally, accrued revenue transactions may be recorded at any level of detail the user organization requires.

R★STARS supports two types of accounts receivable: Billed and unbilled. Billed receivables are posted in detail so that they can be tracked. These transactions post to the Document Financial table. The status of a billed receivable can be verified at any time by recalling the receivable document number on the 64 Document Record Inquiry screen.

Unbilled receivables are used by reporting agencies to post summary level accruals. These transactions do not post to the Document Financial table and are not tracked at the detail level.

This section describes the process of coding and entering accruals in R★STARS.

### Entering Accrued Revenues

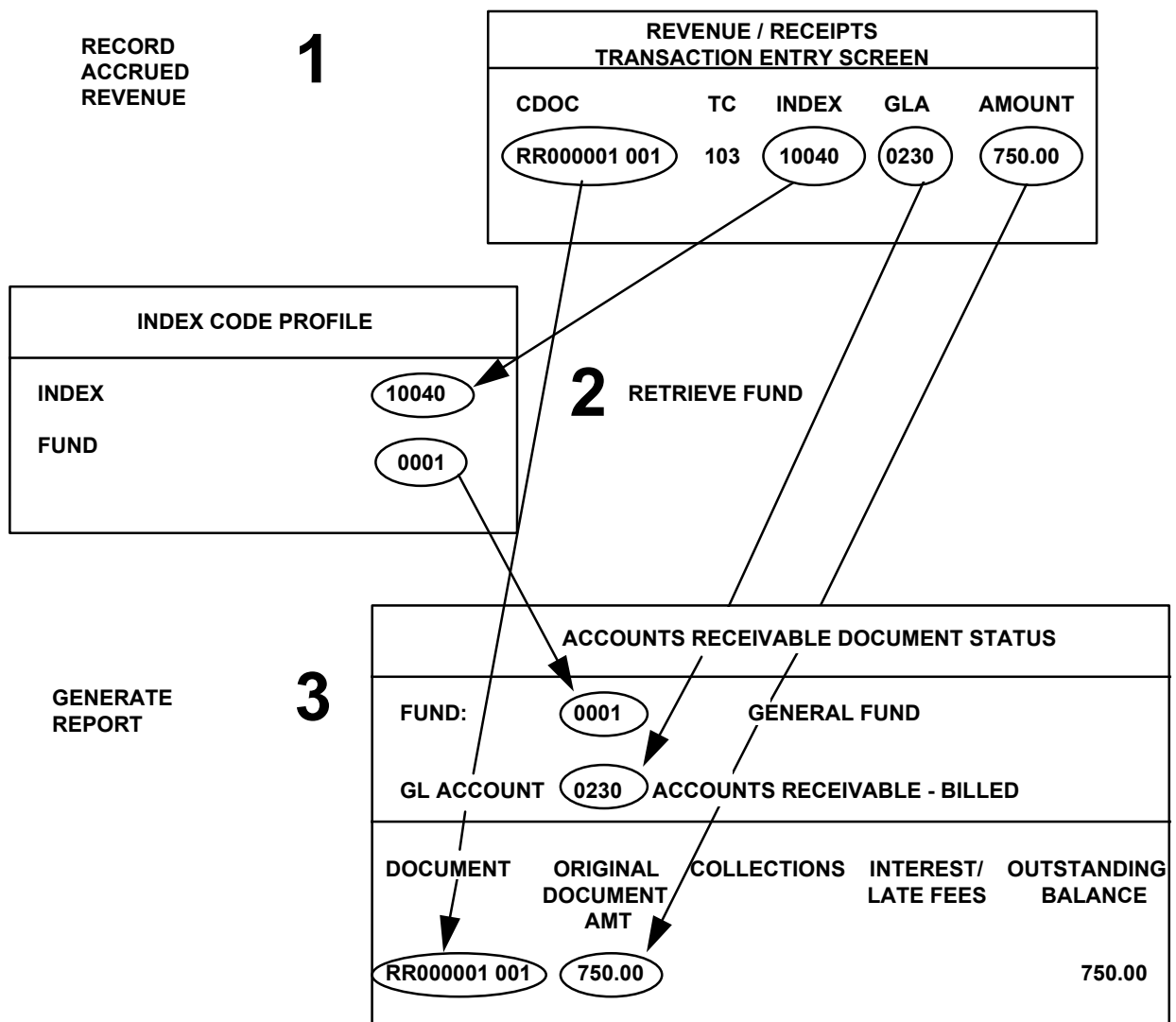
Accrued revenues are identified within R★STARS by Fund, Index, PCA, Object and Document Number. Multiple levels of detail within the classification structure may be used to record accrued revenues, including:

- Organizational structure
- Program structure
- Any level of the Object structure, such as Comptroller or Agency object

In addition, optional classification elements, such as Grant/Phase, Agency Code 1, 2 and 3 and Project/Phase may be used to define a revenue transaction.

The exhibit on 9.2-2 traces the input of an accrued revenue to the DAFR9750 Accounts Receivable Document Status Report.

## TRACING ACCRUED REVENUE INPUT TO ACCOUNTS RECEIVABLE DOCUMENT STATUS REPORT



**Recording the Accounting Impact**

Accrued revenues are recorded as follows:

**DR** — Accounts Receivable — Billed or Unbilled

**CR** — Revenue Control — Accrued

If additional detail is needed, the agency general ledger account may be used.

## 9.3 COLLECTION OF ACCRUED REVENUES

The second part of accrued revenue transactions is the collection of cash. Agency General Ledger support is available, although not mandatory, as with accrual transactions. The level of detail at which the collection transaction is recorded depends upon the original accrual transaction.

This section describes the process of coding and entering collection of accruals in R★STARS. The following topics are discussed:

- Entering Collections of Accrued Revenues
- Recording the Accounting Impact

### Entering Collections of Accrued Revenues

Collections may be entered into R★STARS from the 504 Revenues/Receipts Transaction Entry screen. Details on the use of this screen and the related transactions are given in the R★STARS Data Entry Guide in On-line Procedures. Page 9.3-2 traces the input of a collection against an invoiced receivable to the DAFR9750 Accounts Receivable Document Status Report.

#### Recording the Accounting Impact

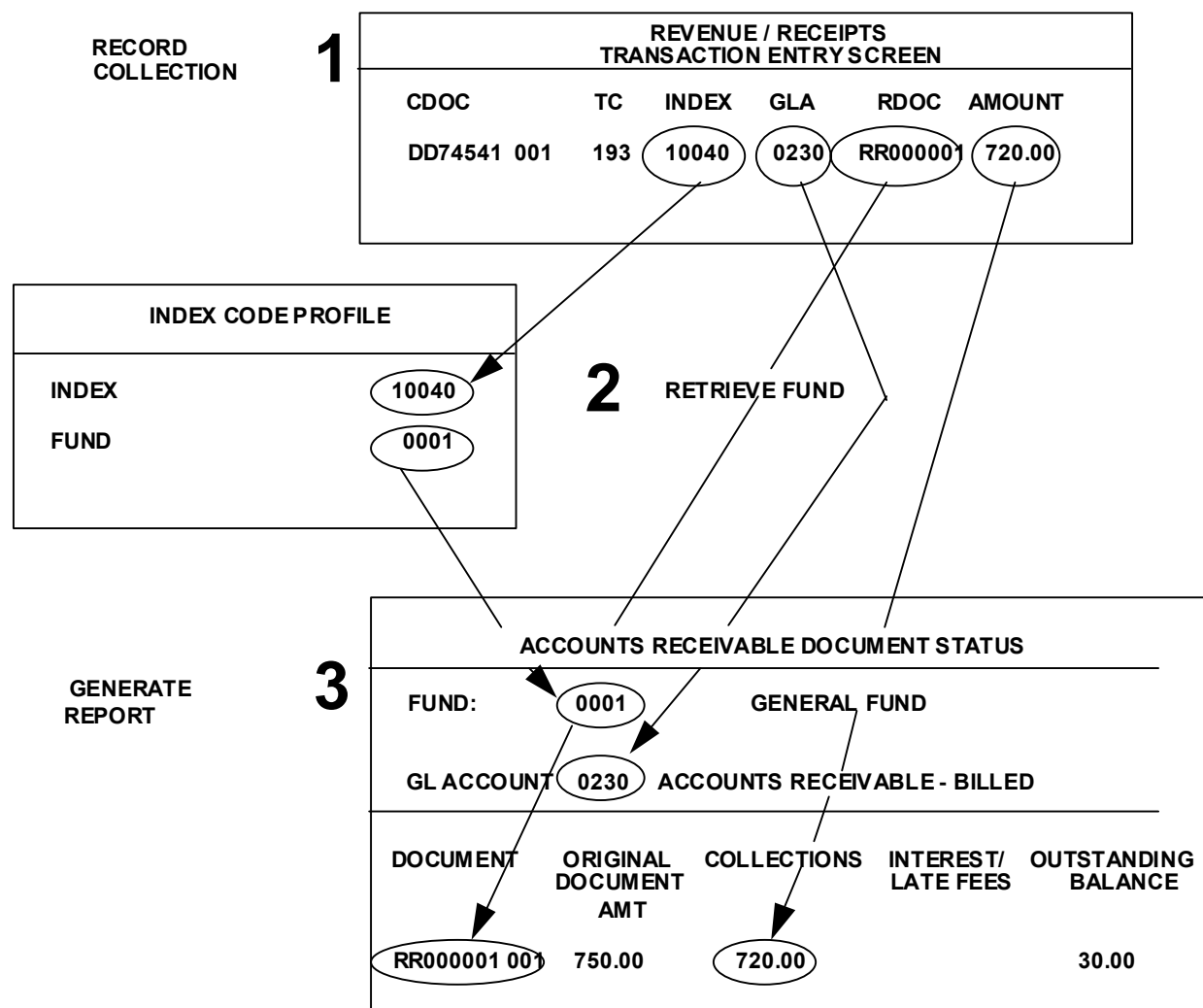
Collections of accrued revenues are recorded as followed:

**DR** — Cash on Deposit with Treasurer  
**CR** — Accounts Receivable — Billed

**DR** — Revenue Control — Accrued  
**CR** — Revenue Control — Cash

The accounts receivable account credited is the same one debited in the accrual transaction.



**TRACKING COLLECTION OF ACCRUED REVENUE TO  
ACCOUNTS RECEIVABLE DOCUMENT STATUS REPORT**

## **9.4 ACCOUNT RECEIVABLE INVOICING**

### **(Not used in Michigan)**

The invoicing feature in R★STARS provides the ability to maintain detail invoice information including item description, quantity, unit cost and the extension of the unit cost. Once entered, the following reports can be generated by customer number:

- DAFR9800 Invoices **(not used in Michigan)**
- DAFR9810 Statement of Account **(not used in Michigan)**
- DAFR9820 Delinquent Notices (with aging summary) **(not used in Michigan)**
- DAFR9830 Delinquent Notices (with comments) **(not used in Michigan)**
- DAFR9770 Accounts Receivable Calculated Interest **(not used in Michigan)**

## **Entering Invoice Information**

Invoice information for billed accounts receivable is entered on the 515 Invoice Entry screen **(not used in Michigan)**. This screen is accessed from the 504 Revenue/Receipts Transaction Entry screen or directly from the Data Entry menu. Details on the use of this screen are given in the R★STARS Data Entry Guide on the Revenue Cycle.

### **Recording the Accounting Impact**

The accounting impact is the same as for accrued revenues.

## 9.5 CASH RECEIPTS NOT PREVIOUSLY ACCRUED

Many revenue transactions are not earned prior to cash receipt. When the cash is received and revenue is earned concurrently, the cash receipt and revenue are recorded as part of the same transaction. As with accrued revenue transactions, however, agency general ledger support may be used and the level of detail at which the transaction is recorded depends on the needs of the agency.

This section describes the process of coding and entering cash receipts for revenues not previously accrued in R★STARS. The following topics are discussed:

- Entering Cash Receipts Not Previously Accrued
- Recording the Accounting Impact

### Entering Cash Receipts Not Previously Accrued

Cash receipt transactions are identified in R★STARS by Fund, Index, PCA, Revenue Object and Current Document Number. For all revenue transactions, additional optional classification elements may be used as desired.

Cash receipts may be entered in R★STARS from the 504 Revenue/Receipts Transaction Entry screen when entering the data on-line. Details on the use of this screen and the related transactions are given in the R★STARS Data Entry Guide in On-line Procedures.

#### Recording the Accounting Impact

Cash receipts for earned revenues are recorded as follows:

**DR** — Cash on Deposit with Treasurer  
**CR** — Revenue Control — Cash

Cash receipts for deferred revenues are recorded as follows:

**DR** — Cash on Deposit with Treasurer  
**CR** — Revenue Control — Cash

**DR** — GAAP Revenue Offset  
**CR** — Deferred Revenue

*Reference Manual  
Revenue Cycle*

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Note that the differences involve the use of two separate general ledger accounts used to record revenue. These accounts define the revenue as currently recognizable or recognizable in the future.

## 9.6 EXPENDITURE REFUNDS

Cash receipts are not always originated by revenue transactions. For example, reimbursements of overpaid expenditures are also cash receipt transactions. These transactions are recorded at the level of detail desired by the user organization, although that level generally corresponds to the amount of detail used in the original expenditure transaction.

This section describes the process of coding and entering expenditure refunds in R★STARS. The following topics are discussed:

- Entering Expenditure Refunds
- Recording the Accounting Impact

### Entering Expenditure Refunds

Expenditure refund transactions are entered in R★STARS with the same data elements normally used to classify expenditures. Any level of detail within the classification may be used to record expenditure refunds, including:

- Organizational structure
- Program structure
- Expenditure Object structure

In addition, optional classification elements, such as grant and project, may be used to define an expenditure refund transaction. The 504 Revenues/Receipts Transaction Entry screen is used when entering the data on-line. The exhibit on page 9.6-5 traces the input of an expenditure refund to the DAFR9200 Revenues and Expenditures by Fund, Organization, Program and Object Report. There are six reports (DAFR9200 – DAFR9250) which provide similar information with different sorts.

### Recording the Accounting Impact

Expenditure refund transactions are recorded as shown below:

For current year expenditures:

- DR** — Cash on Deposit with Treasurer
- CR** — Expenditure Control — Cash

## Expenditure Credits

Following are examples of methods for processing expenditure credit transactions.

Expenditure credit transactions between different agencies can be processed through the ADPICS Interagency Voucher (IAV) process or R★STARS companion transactions. Other guidance for the use of expenditure credits can be found in the Department of Management and Budget, Office of Financial Management (OFM), Financial Reporting and Accounting Manual.

The ADPICS Interagency Voucher (IAV) process uses defined interface types to generate transactions and “Q%” documents. These ADPICS transactions do not require approvals from both agencies. One agency can enter and release transactions without obtaining system approvals from the other agency. System edits prevent the agency entering the transactions from decreasing another agency’s cash balance.

1. Using interface type IC on an ADPICS IAV will generate the following transactions.

TC 412 Non Payroll Expenditure Adj – Decrease, in the seller agency

|    |      |                            |
|----|------|----------------------------|
| dr | 0070 | Equity in Common Cash      |
| cr | 3500 | Expenditure Control – Cash |

TC 413 Nonpayroll Expend Adj – Increase, in the buyer agency

|    |      |                            |
|----|------|----------------------------|
| dr | 3500 | Expenditure Control – Cash |
| cr | 0070 | Equity in Common Cash      |

2. Using interface type IG on an ADPICS IAV will generate the following transactions.

TC 412 Non Payroll Expenditure Adj – Decrease, in the seller agency

|    |      |                            |
|----|------|----------------------------|
| dr | 0070 | Equity in Common Cash      |
| cr | 3500 | Expenditure Control – Cash |

TC 472 Inv:Interagency Purchase of Finish Goods

|    |      |                                       |
|----|------|---------------------------------------|
| dr | 0604 | Finished Goods For Resale/Sales & Mat |
| cr | 0070 | Equity in Common Cash                 |
| dr | 3500 | Expenditure Control – Cash            |
| cr | 3600 | GAAP Expenditure Offset               |

Expenditure credit transactions, where no ADPICS purchase order exists, are processed in R★STARS using the 509 Companion Transaction Entry screen, which is accessed through the 500 Batch Header Entry screen, batch type G. Normally, the buying entity processes the interagency voucher, including the selling entity's accounting data, which should be supplied by the selling entity. Expenditure credit transactions between agencies or within an agency can be processed using this method.

1. In this case one MAIN FACS agency needs to transfer cash to another MAIN FACS agency. The buying agency will process the following entry with Document Type GN – YE Interagency Billings-NNIAW Replacement or GQ – Interagency Voucher R★STARS-No ADPICS PO.

TC 412 Non Payroll Expenditure Adj – Decrease, using the seller agency's coding block

dr 0070 Equity in Common Cash  
cr 3500 Expenditure Control – Cash

TC 413 Nonpayroll Expend Adj – Increase, using the buyer agency's coding block

dr 3500 Expenditure Control – Cash  
cr 0070 Equity in Common Cash

2. In those cases where one MAIN FACS agency needs to transfer cash from one appropriation number and D23 to fund another appropriation number within the same MAIN FACS agency, the following transaction is processed:

TC 413 Non-Payroll Expense Adj - Increase

dr 3500 Expenditure Control - Cash  
cr 0070 Equity in Common Cash

TC 413 is recorded in R★STARS with Batch Type G, to the 509 Companion Transaction screen. The document type is GD, Cash Transfers: Expenditure Credit. In this case, TC 413 is a companion to TC 962.

TC 962    Reclass: Cash Transfer Expenditure Credit

dr    0070    Equity in Common Cash  
      cr    3604    GAAP Exp Credit  
dr    2973    System Clearing GL  
      cr    3100    Revenue Control - Cash

This TC will provide cash authority to the line item where the expenditure credit deduct was appropriated.

TC 962 generates the following transaction:

TC 315    Reclass: Cash Transfer Expenditure Credit

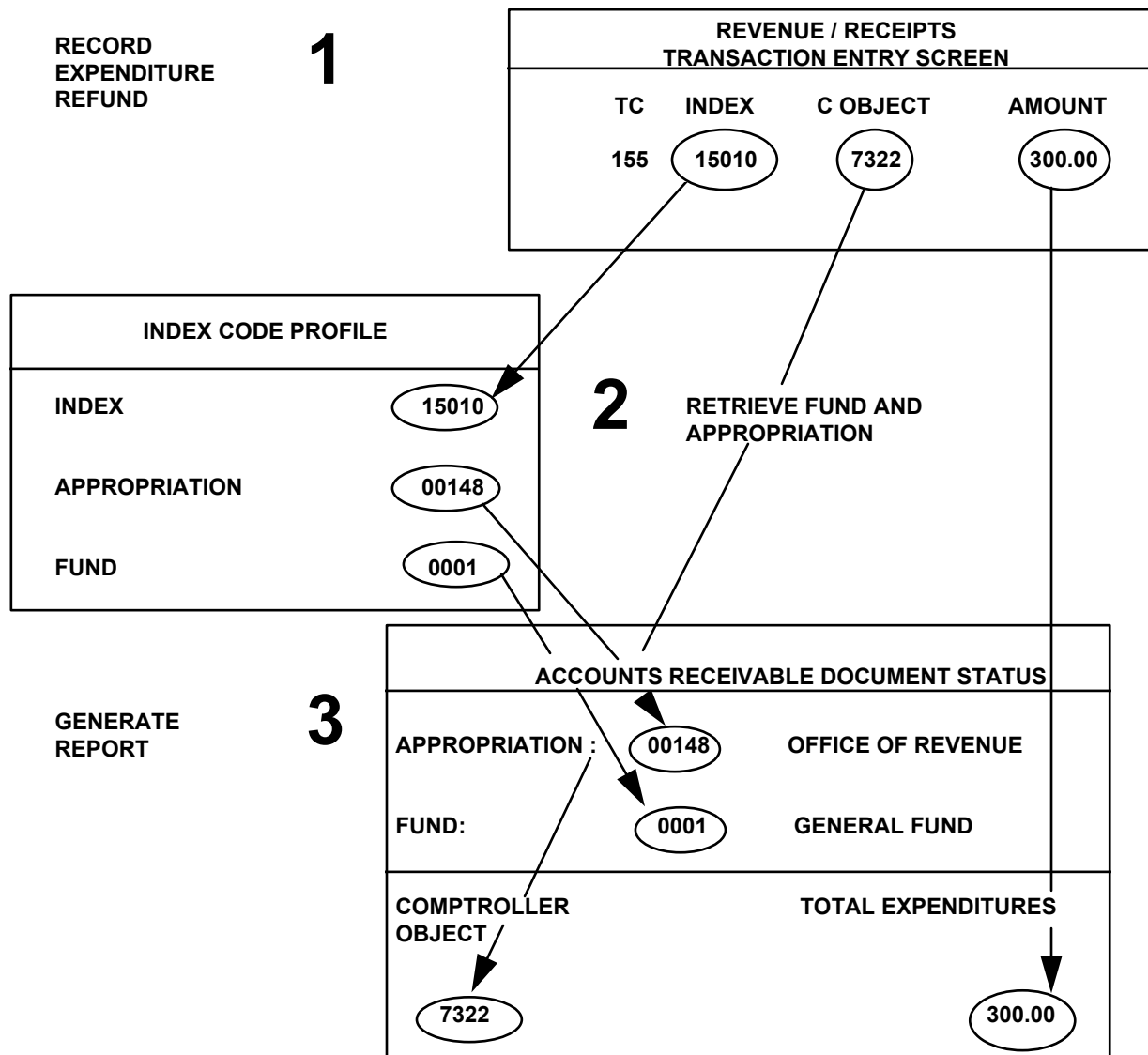
dr    3200    GAAP Revenue Offset  
      cr    2973    System Clearing GL

The net effect of these TCs is the GAAP expenditure (expenditure reported in SOM-CAFR) is reported in the appropriation number/D23 charged with TC 413.

In the appropriation number/D23 with the expenditure credit deduct, there will be no GAAP expenditures or GAAP revenue.

From an inquiry on the 62 Appropriation Financial Inquiry screen, you will be able to view the total cash expenditures (Balance Type 15) for the Appropriation Number/D23, and the amount of expenditure credit deduct (cash transferred) will be included in the Balance Type 12, Cash Revenues.



**TRACING EXPENDITURE REFUNDS TO  
REVENUES AND EXPENDITURES BY FUND,  
ORGANIZATION, PROGRAM AND OBJECT**

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## 9.7 DEFERRED REVENUE RECOGNITION

Cash may be received for revenues that have not yet been earned. These revenues are called deferred revenues and are recorded as a credit balance sheet account (similar to a liability). Periodically, the deferred revenue account must be reviewed so that revenues that are earned during the period may be recognized. Deferred revenue transactions and the subsequent revenue recognition transactions may have agency general ledger support and may be recorded at the level of detail desired by the user organization.

This section describes the process of recording deferred revenue recognition in R★STARS. The following topics are discussed:

- Recognizing Deferred Revenues
- Recording the Accounting Impact

Recording cash receipts for deferred revenues is discussed in Section 9-5, Cash Receipts Not Previously Accrued.

### Recognizing Deferred Revenues

Revenue recognition transactions are identified in R★STARS by Fund, Index and PCA. Any level of detail within the classification structure may be used to recognize deferred revenue including:

- Organization structure
- Program structure
- Revenue Object structure

In addition, optional classification elements, such as project or grant, may be used to define a revenue recognition transaction.

Deferred revenue recognition transactions may be entered into R★STARS from the 504 Revenue/Receipts Transaction Entry screen when entering the data on-line.

### Recording the Accounting Impact

Revenue recognition for deferred revenues may be recorded as follows:

- DR** — Deferred Revenue
- CR** — GAAP Revenue Offset

A sample MAIN FACS entry follows:

TC 486      Deferred Revenue - Earned Portion

dr.      1606    Deferred Revenue - Unearned Current  
cr.      3200    GAAP Revenue Offset

| TC 486 liquidates the liability in the deferred revenue comptroller general ledger and records revenue for GAAP purposes. User Class 02 is used to record this transaction.

|

## 9.8 FINANCE CHARGES

(Not used in Michigan)

R★STARS tracks accounts receivable balances by document and suffix in the Document Financial table. Document Financial table balance types identify the financial components of an accounts receivable document such as original amount, adjustments, interest and collections. R★STARS provides for the automatic accumulation of interest and late charges (flat fee amount) based on user defined parameters, aging schedules, statements, and past due notices.

Accounts receivable documents must meet certain requirements to be eligible for interest accumulation. Each agency can identify documents as exempt from interest and late fee calculation in the on-line maintenance screen 54 Agency Document Exemption Profile (**not used in Michigan**). Also, this profile is used to identify a single document that is subject to interest calculation.

Reports are generated to provide information on monthly interest and late fees accumulated on delinquent accounts. The following reports are available:

- DAFR9750 Accounts Receivable Document Status
- DAFR9770 Accounts Receivable Calculated Interest (**not used in Michigan**)
- DAFR9790 Accounts Receivable Reconciliation (**not used in Michigan**)
- DAFR9810 Statement of Account (**not used in Michigan**)
- DAFR9820 Delinquent Statement of Account (**not used in Michigan**)
- DAFR9830 Delinquent Notices (**not used in Michigan**)

## Recording the Accounting Impact

DR — Accounts Receivable

CR — Revenue Control — Accrued

## **9.9 TRANSFERS TO CENTRAL COLLECTION UNIT**

**(Not used in Michigan)**

R★STARS supports the ability to automatically transfer delinquent receivables to a central collections unit.

Accounts receivable documents must meet certain requirements to be eligible for transfer. A document can be identified as exempt from transfer to collections on the 54 Agency Document Exemption Profile screen **(not used in Michigan)**.

The DAFR9890 Receivables to be Transferred Report **(not used in Michigan)** identifies delinquent accounts that will be transferred to collections in a user-specified number of days.

### **Recording the Accounting Impact**

The transfer of a delinquent receivable is recorded as follows:

#### **Originating Agency**

**DR** — Revenue Control — Accrued

**CR** — Allowance For Uncollectible Accounts

#### **Central Collection Unit**

**DR** — Central Collection Unit Receivables (memo)

**CR** — Central Collection Unit Receivables — Offset (memo)

The cash collection by the central collection unit is recorded as follows:

#### **Central Collection Unit**

**DR** — Central Collection Unit Receivables — Offset (memo)

**CR** — Central Collection Unit Receivables (memo)

**DR** — Cash on Deposit with Treasury

**CR** — Due to Other Funds

The cash is then transferred to the originating agency and is recorded as follows:

**Central Collections Unit**

**DR** — Due to Other Funds

**CR** — Cash on Deposit with Treasurer

**Originating Agency**

**DR** — Cash on Deposit with Treasurer

**CR** — Accounts Receivable — Billed

**DR** — Allowance for Uncollectible Accounts

**CR** — Revenue Control — Cash

## **9.10 ACCUMULATION OF INTEREST**

### **(Not used in Michigan)**

R★STARS supports the collection process by providing for the automatic accumulation of interest and late charges (flat fee amount) based on user defined parameters, aging schedules, statements, and past due notices. Separate totals for interest and principle are also provided.

The overnight batch process reviews documents in the Document Financial table for eligibility for interest and/or late charge calculation. If the reviewed documents meet the criteria for eligible documents listed below, interest will be calculated and an Internal Transaction (IN) record will be generated for posting the interest and/or late charge amounts.

### **Interest and Late Charge Eligibility Criteria**

- The document has been given final approval.
- There is an entry in the 53 Agency Document Control Profile **(not used in Michigan)** for the agency and document type.
- The document amount is greater than zero (the original amount + adjustments - collections).
- There is no interest activity for the document in the month specified in the 25 Agency Control Profile.
- The number of days past the document due date, as of the current date, equal or exceed the number of days past due on the 53 Agency Document Control Profile **(not used in Michigan)**, i.e., the number of days before calculating interest has expired.
- There is no entry in the 54 Agency Receivable Document Exemption Profile **(not used in Michigan)** for the document with an override indicator of "Y."

Control indicators maintained in the 25 Agency Control Profile determine when the interest calculation process is performed and for which month the interest and fees are posted.

```

S053 2.0                                R★STARS ACCOUNTING                08/15/94 12:00 PM
LINK TO:                                AGENCY DOCUMENT CONTROL PROFILE          FACS

AGENCY:          DOC TYPE:

INTEREST AND LATE FEE CALCULATION
  DAYS PAST DUE DATE:      TRANSACTION CODE:
    INTEREST RATE:          COMP OBJ:          AGENCY OBJ:
      LATE FEE:              COMP OBJ:          AGENCY OBJ:
    COMPOUND INTEREST:      (Y/N)

TRANSFER TO COLLECTIONS
  SUBJECT TO TRANSFER:      (Y/N)
  DAYS BEFORE TRANSFER:
    CLOSING STAGE:

EFF START DATE:          EFF END DATE:          STATUS CODE: A
                                          LAST PROC DATE:

F1-HELP F3-DEL F5-NEXT F9-INT F10-SAVE F11-SAVE/CLEAR ENTER-INQ CLEAR-EXIT

```

The 53 Agency Document Control Profile (**not used in Michigan**) is used to access and update the data that is used to calculate monthly interest and late charges. This data is keyed on Agency and Document type. Other information elements in this profile are described below.

- **Days Past Due Date** — the Days Past Due Date field determines the point in time, after the account has become delinquent, that the interest and/or late fee is to be calculated.
- **Transaction Code** — the transaction code is used to post the interest and/or late fee to the account.
- **Interest Rate** — the interest rate is entered as a percentage, e.g., “99.999.”
- **Comptroller and Agency Object** — either the Comptroller or agency object is entered for the posting of the interest. If both the Comptroller and objects are entered, then the Comptroller object in the D11 must be left blank or must be equal to the Comptroller object entered.
- **Late Fee** — the late fee is entered as a dollar amount. Either Comptroller or agency object is entered for posting the fee.
- **Compound Interest Flag** — the compound interest flag (Y/N) determines whether or not the interest is to be compounded.



```

S054 2.0                      R★STARS ACCOUNTING                      08/15/94 12:00 PM
LINK TO:                      AGENCY RECEIVABLE DOCUMENT EXEMPTION PROFILE  FACS

                                AGENCY:          DOC NO:          FY:

                                EXEMPT FROM:

                                INTEREST AND LATE FEE CALCULATION:  (Y/N)
                                TRANSFER TO COLLECTIONS:             (Y/N)
                                DUNNING NOTICE PREPARATION:         (Y/N)
                                INTEREST RATE:

                                STATUS CODE: A
                                EFF START DATE: 01191994  EFF END DATE:  LAST PROC DATE:

F1-HELP F3-DEL F5-NEXT F9-INT F10-SAVE F11-SAVE/CLEAR ENTER-INQ CLEAR-EXIT

```

Documents that are exempt from interest and late fee calculation are entered in the 54 Agency Receivable Document Exemption Profile (**not used in Michigan**). This profile is keyed on Agency, Document Number and Suffix, and Fiscal Year. Other information elements are Interest Calculation and Fee Override Indicator with valid values of (Y/N) for each element.

Reports are generated to provide statistics on monthly interest and late fees applied to delinquent accounts. The following reports are available:

- DAFR9750 Accounts Receivable Document Status
- DAFR9770 Accounts Receivable Calculated Interest (**not used in Michigan**)
- DAFR9810 Statement of Account (**not used in Michigan**)
- DAFR9820 Delinquent Notices (**not used in Michigan**)

### Recording the Accounting Impact

Assessments of interest or late fees are recorded as follows:

**DR** — Interest/Late Fees Receivable — Unbilled  
**CR** — Revenue Control — Accrued

Transfers of interest/late fees receivable to accounts receivable as delinquent notices mailed are recorded as follows:

**DR** — Accounts Receivable — Billed  
**CR** — Interest/Late Fees Receivable — Unbilled

Collections of the interest or late fee are recorded as follows:

- DR** — Cash on Deposit with Treasurer
- CR** — Accounts Receivable — Billed
  
- DR** — Revenue Control — Accrued
- CR** — Revenue Control — Cash

## 9.11 DEPOSIT RECONCILIATION

**Michigan Specific** — The Deposit Reconciliation sub-section of R★STARS has not been implemented. It may be implemented in the future.

The Deposit Reconciliation Subsystem provides the capability to monitor deposit transactions that have successfully posted in R★STARS and the manual deposits that have been presented to each agency's bank. Data from all the banks is collated and formatted centrally into the Daily file. The R★STARS transactions are extracted from the Daily History file (after they have successfully posted) and summarized by agency and document number and are written into the Deposit Control table **(not used in Michigan)**.

Note: The following process is not being used in Michigan at this time. A batch process compares records in the Daily Bank file with Deposit Control table records. The matching Deposit Control records are updated with the bank clearance date and the status is changed to "A" (accepted). The Bank File records that fail the matching criteria (valid bank ID, deposit number, amount and status of "D") are written to the Deposit Redemption table. When errors are resolved, agency users flag the error records for deletion on-line and a batch process removes them from the table.

Seven on-line screens assist in the recording and monitoring of deposits. These screens are:

- **D56 Bank ID Profile** — identifies the bank ID associated with the account number and ABA number.
- **101 Deposit Validation screen** — allows for approval of deposit transactions.
- **109 Cash Receipts Status Maintenance screen** — identifies the summarized deposit documents and allows manual update of status and clearance date. **(not used in Michigan)**
- **50 Deposit Redemption Error File Maintenance screen** — identifies the Daily Bank File records that are in error and provides the capability to manually flag records for deletion after they have been reconciled. **(not used in Michigan)**
- **516 Open Doc Fast Entry screen** — allows open document suffixes within a document to be retrieved all at once and be easily paid or liquidated. **(not used in Michigan)**
- **504 Revenue/Receipt Transaction Entry** — allows entry of accrued revenue and cash receipts into R★STARS.
- **520 View A Batch screen** — provides an on-line print function for generation of the Certificate of Deposit for posted deposit batches only.

The Deposit Reconciliation batch process generates three control reports. These reports are:

- **DAFR3741 Cash Receipts Extract Report** — provides counts of the number of records read in the Daily History File and records written to the Deposit Control table. **(not used in Michigan)**
- **DAFR3761 Deposit Redemption Report** — provides processing counts of records in the Daily Bank Tape and Deposit Redemption Error table. It identifies how many error records were deleted, how many bank tape records were duplicates, how many deposit control records were updated and how many new error records were written. **(not used in Michigan)**
- **DAFM3771 Deposit Redemption Error Table Report** — provides a listing of all records in the error file which can be used for reconciliation purposes. **(not used in Michigan)**

The Deposit Reconciliation process is an optional feature of R★STARS available to agencies that wish to reconcile their local fund deposits. Coding instructions for the on-line screens can be found in the R★STARS Data Entry Guide.

## Deletion of Deposit Batches

If it becomes necessary to delete a deposit batch (this should be a rare situation), use the 510, Recall a Batch for Correction screen. When the 510 screen is used, the deletion will be apparent when viewing the 37 screen. The 37 screen and the 101 screen will have the same balance. See the R★STARS Data Entry Guide, Chapter 4, for data entry information.

## 9.12 VALIDATION OF DEPOSITS

Agency cash receipts are required to be approved by Treasury prior to updating the Treasurer's Group of Accounts. The approval capability is provided through the Deposit Validation screen. The verification process is performed verifying the recorded cash receipt against a validated deposit slip.

### Cash Receipts recognized by an Agency

An agency records the receipt of cash through the 504 Revenue/Receipts Transaction Entry screen. Details on the elements used and the transactions generated in entering transactions for the collection of accrued revenues or for cash receipts not previously accrued can be found in the previous sections, 9-3 and 9-6.

### Validation Process

Through the Deposit Validation screen, Treasury can input the appropriate action code as defined in the D44 Action Code Profile for the approval or rejection of agency deposits.

|   |             |                           |               |                   |                      |
|---|-------------|---------------------------|---------------|-------------------|----------------------|
| S101 VER 2.0  |             | R★STARS ACCOUNTING        |               | 08/15/94 12:00 PM |                      |
| LINK TO:  |             | DEPOSIT VALIDATION SCREEN |               | FACS              |                      |
| AGY:  | FY:         | AGY/ACTION CODE:          |               |                   |                      |
| S   | ACT<br>CODE | CUR DOC                   | BATCH<br>DATE | BANK<br>ID        | TOTAL<br>DEPOSIT AMT |
|   |             |                           |               |                   | LAST<br>ACT CD       |
|   |             |                           |               |                   | USER ID              |
| F1-HELP F4-FILL IN F8-NEXT PG F9-INT F10/11 SAVE F12-APP BY DOC ENTER-INQUIRY |             |                           |               |                   |                      |

## Recording the Accounting Impact

Approval of Agency deposits updates the Treasurer's Group of Accounts as follows:

**DR** — Deposits Clearing

**CR** — Ordinary Deposits

## Using R★STARS Note Pad to Obtain the Bank ID When Reclassifying Entries (Credit Memos, Debit Memos, and Returned Items)

Treasury, Receipts Processing Division, enters bank information in the R★STARS Electronic Note Pad. Bank ID information needed to reclassify entries (e.g., credit memos, debit memos, returned items) can be located by accessing the Electronic Note Pad (Screen 103) through Screen 39; Approvals by Document and recalling your document and entering "Note" in the Link To field and pressing the <F9> function key to access the information in the Electronic Note Pad.